

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

FOR IMMEDIATE RELEASE
January 24, 2002

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SENATE BUDGET COMMITTEE CHAIRMAN WELCOMES FED CHAIRMAN'S CALL FOR TRIGGER MECHANISM Conrad: Trigger Could Help Restore Long-Term Fiscal Discipline

Washington, DC - Senate Budget Committee Chairman Kent Conrad today welcomed Federal Reserve Chairman Alan Greenspan's suggestion that Congress should implement some sort of trigger mechanism to limit tax and spending initiatives in light of depleting surpluses. The remarks by Greenspan and Conrad were made during a Senate Budget Committee hearing today on the state of the economy.

Greenspan told the committee that paying off the nation's debt and rebuilding surpluses are important goals as the country prepares for the retirement of the baby boom generation. To help reach these goals, Greenspan stated in his prepared remarks, and reiterated during the question and answer session, that a trigger mechanism should be on the table.

"As you craft a budget strategy for coming years, you might again want to consider provisions that, in some way, would limit tax and spending initiatives if specified targets for the budget surpluses and federal debt were not satisfied," Greenspan said.

"I agree with you, Chairman Greenspan, that Congress should revisit the notion of some sort of trigger mechanism to adjust spending and revenue," said Conrad.

Conrad's support for revisiting a trigger is based on his concerns that the Bush tax cut was so big that it is now preventing the Bush Administration from making good on its pledge to protect Social Security trust funds and pay down all available debt this decade. In fact, by 2008 when the first of the baby boom generation retires, the Congressional Budget Office now projects the country will be \$2.8 trillion in debt. This sudden reversal on debt paydown will force the government to spend an additional \$1 trillion in interest costs over the next decade – money that would have been better spent reforming Social Security and preparing for the retirement of the baby boom generation.

"It is important that we do everything we can to aggressively pay down the national debt in expectation of the baby boom generation's retirement and the necessity of building up surpluses in preparation for that time," Conrad told Greenspan. "That is a very important and constructive suggestion that you made last year, that you repeated this year, and hopefully we will proceed in such a way that we will get it enacted into law."

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